

Message Text

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43

ACTION XMB-04

INFO OCT-01 AF-06 ISO-00 EB-07 COME-00 TRSE-00 OPIC-03

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R 160830Z JUN 75

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 3419

INFO AMEMBASSY DAR ES SALAAM

LIMITED OFFICIAL USE NAIROBI 4948

E.O. 11652: N/A

TAGS: EFIN KE US TZ UG

SUBJECT: GOK REQUESTS EXIM BANK FINANCING FOR EQUIPMENT
TO BE USED ON KENYAN PORTION OF EAST AFRICAN RAILWAYS

1. KENYAN MINISTER FOR POWER AND COMMUNICATIONS OKERO
SUMMONED DCM TO HIS OFFICE JUNE 14 TO ASCERTAIN WHETHER
USG WOULD IN PRINCIPLE BE WILLING AUTHORIZE EXIM BANK
FINANCING FOR U.S. MANUFACTURED SPARE PARTS AND BOGIES
FOR USE ON KENYAN PORTION OF EAST AFRICAN RAILWAYS. HE
SAID THAT HE HAD JUST MADE SIMILAR APPROACHES TO CANADIANS,
GERMANS, SWEDES, AND BRITISH. HE EXPLAINED THAT
UNWILLINGNESS OF EAST AFRICAN AUTHORITY (KENYATTA,
NYERERE, AND AMIN) TO MEET AND RESOLVE FINANCIAL
AND OTHER PROBLEMS AFFLICTING RAILWAY COMPELS KENYA TO
TAKE URGENT UNILATERAL MEASURES TO KEEP RAILWAY OPERATING.

2. OKERO EXPLAINED THAT GOK DOES NOT REPEAT NOT WISH
TO BREAK UP RAILWAY OR OTHER COMMUNITY INSTITUTIONS, BUT
THINGS HAVE NOT GOTTEN TO POINT WHERE KENYA MUST IMPROVISE
UNTIL SUCH TIME COMMUNITY FUNCTIONS AS INTENDED. IF USG
WERE WILLING PROVIDE EXIM BANK FINANCING, HE SAID THAT
KENYAN GOVERNMENT AS OPPOSED TO JOINTLY OWNED EAST
AFRICAN RAILWAYS WOULD GUARANTEE REPAYMENT. MOREOVER,
ANY ROLLING STOCK PURCHASED IN THIS FASHION WOULD
NORMALLY REMAIN IN KENYAN REGION AND CERTAINLY NOT BE
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ALLOWED INTO TANZANIA. SPECIAL ARRANGEMENTS WOULD BE

MADE WITH UGANDA TO ENSURE RETURN OF EQUIPMENT. HE SAID THAT ITEMS IMPORTED WOULD PROBABLY BE ACQUIRED BY SPECIAL KENYAN CORPORATION OR OTHER ENTITY WHICH WOULD TAKE TITLE BUT UTILIZE THEM WITHIN FRAMEWORK OF EAST AFRICAN RAILWAYS SYSTEM.

3. OKERO REQUESTED OUR RESPONSE ON URGENT BASIS. WOULD APPRECIATE REPLY BY END OF WEEK. I WOULD RECOMMEND THAT WE BE AS FORTHCOMING AS POSSIBLE IN RESPONDING TO THIS REQUEST.
MARSHALL

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Message Attributes

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Margaret P. Grafeld
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